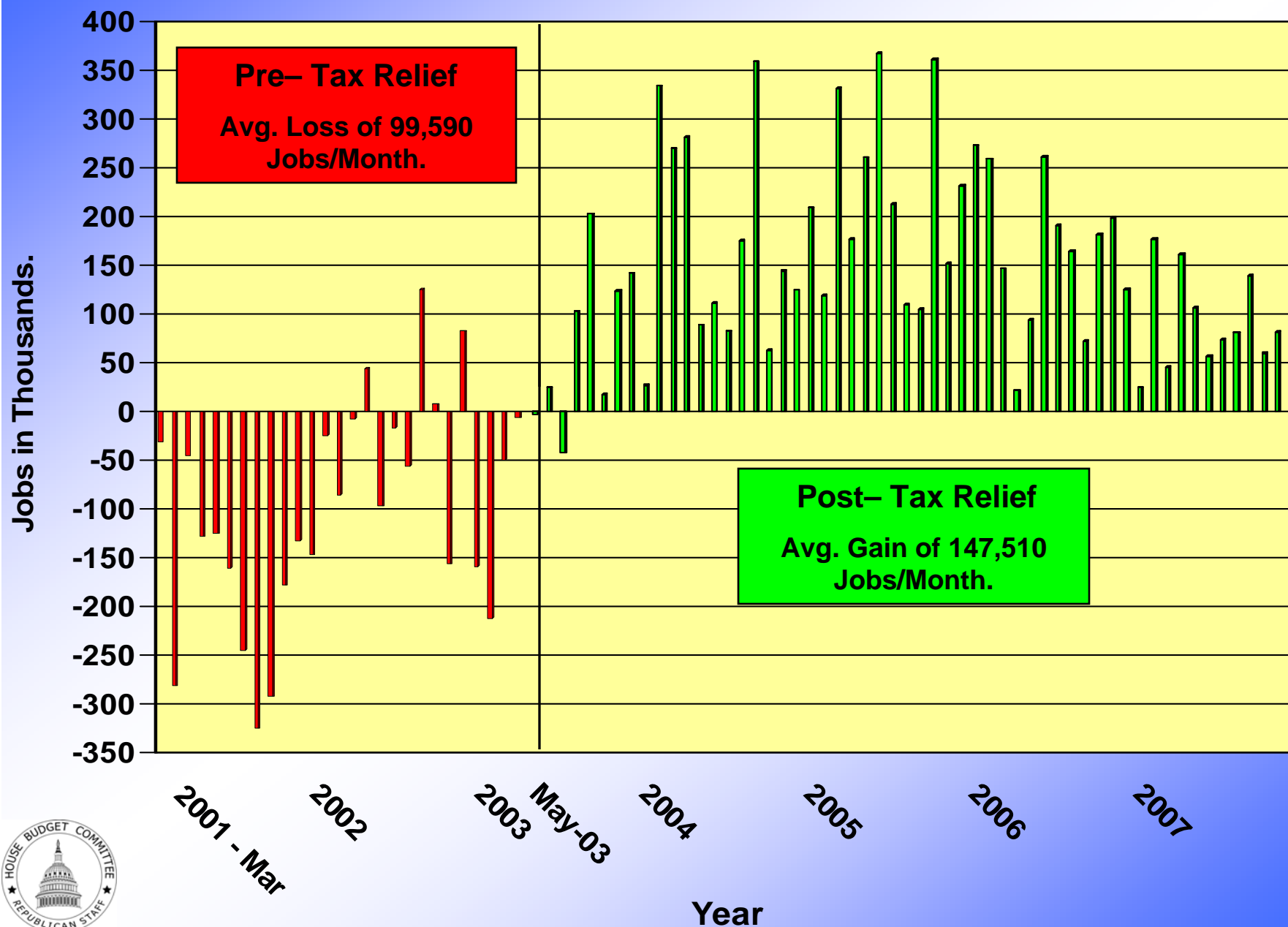


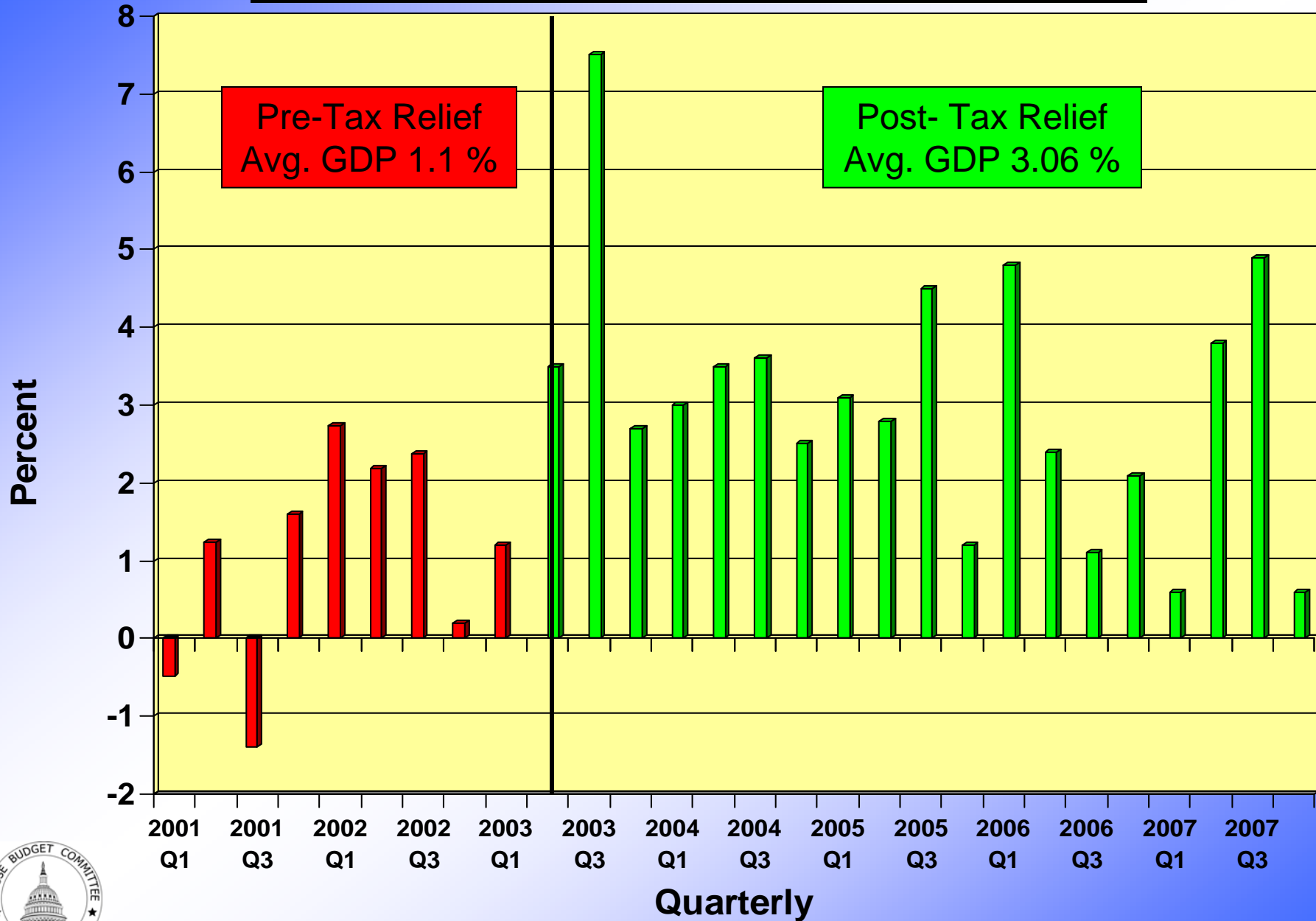
# Job Creation: Before and After Tax Relief

1



# GDP: Before and After Tax Relief

2

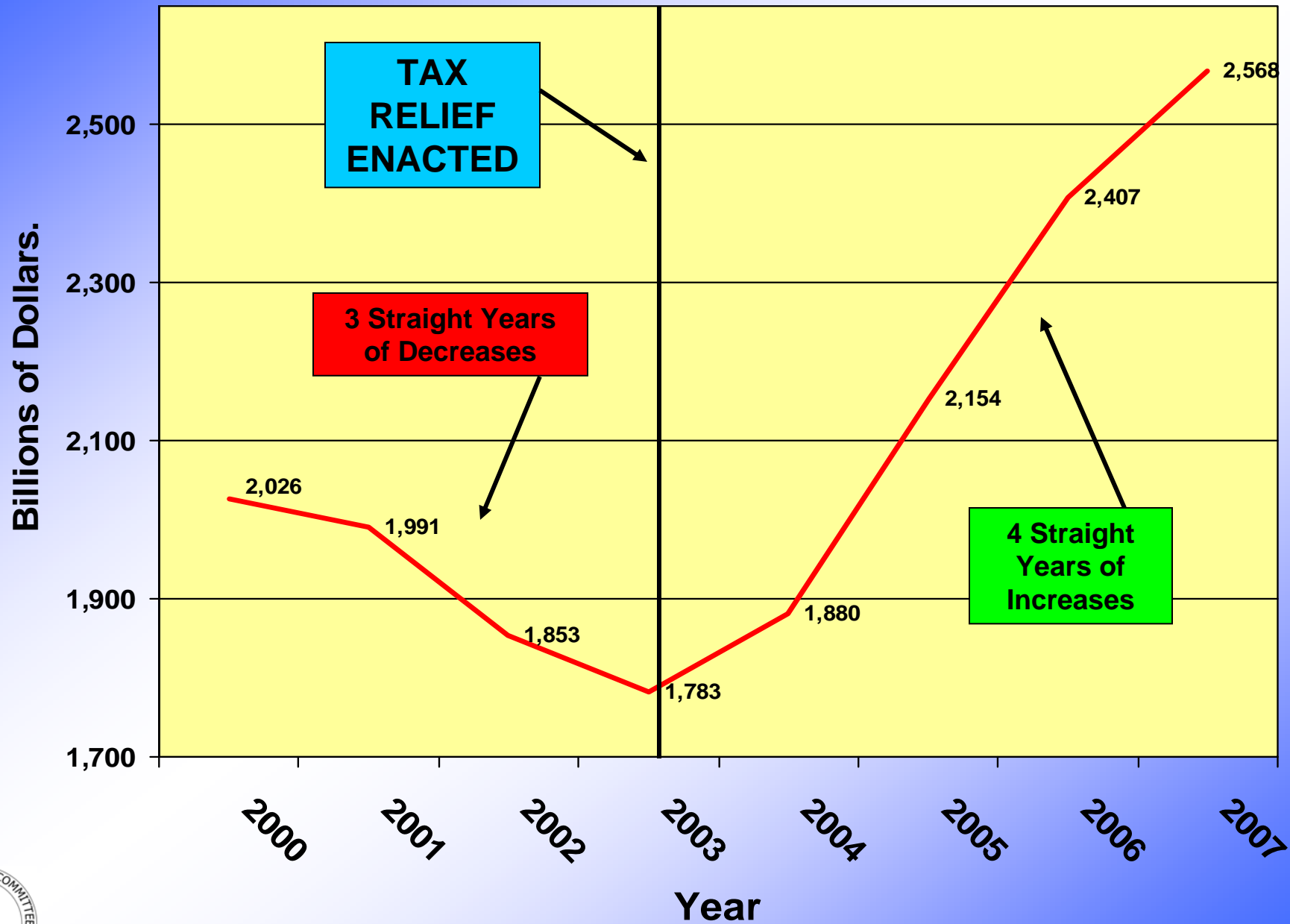


# Unemployment Rate



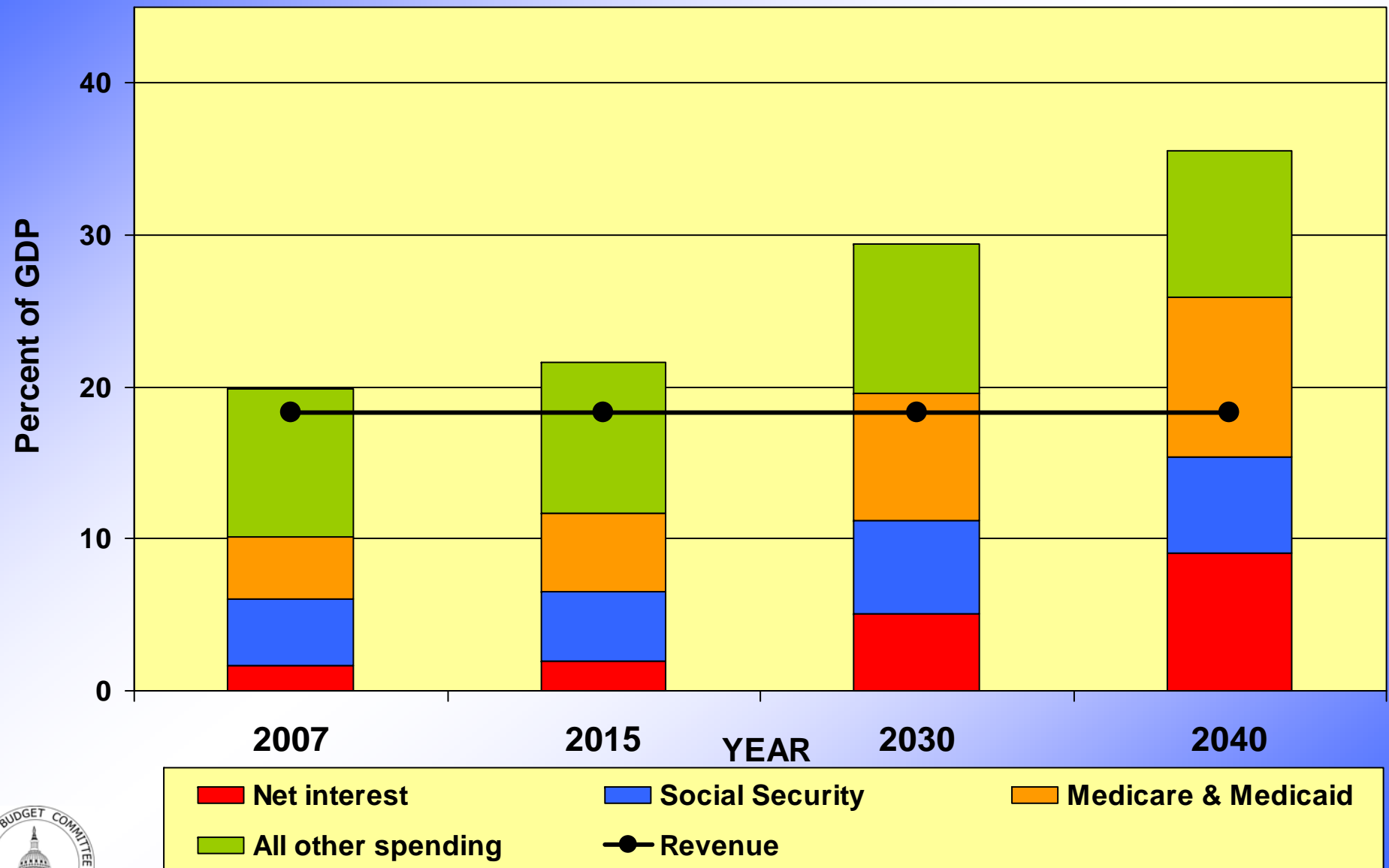
# Federal Revenues

4



# Composition of Spending as Share of GDP

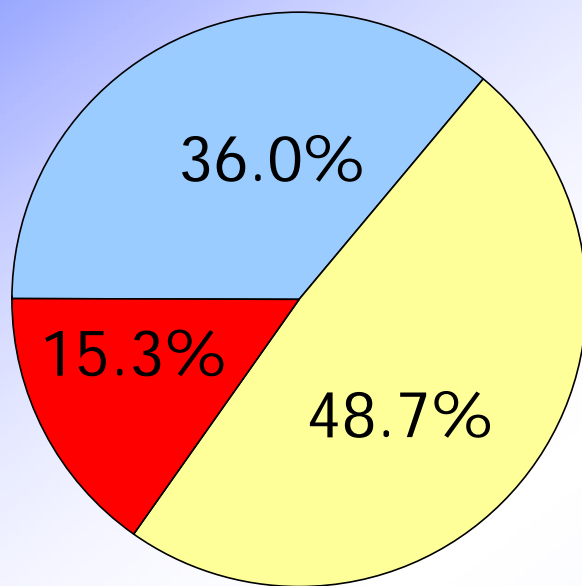
5



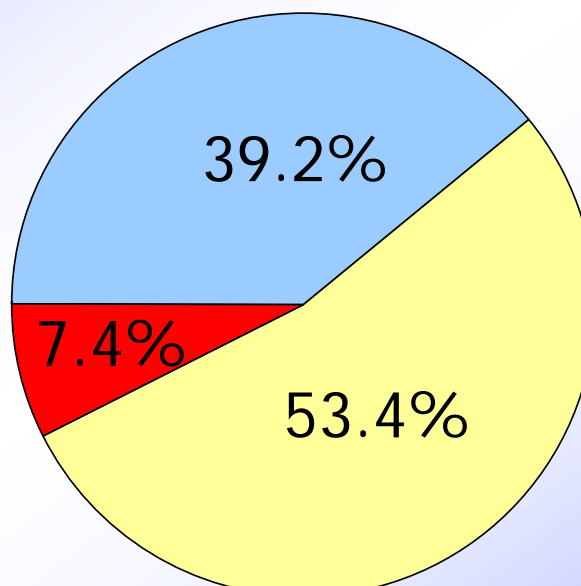
Source: CBO Long-Term Outlook

# Mandatory Spending Growth, 1995, 2005, 2018

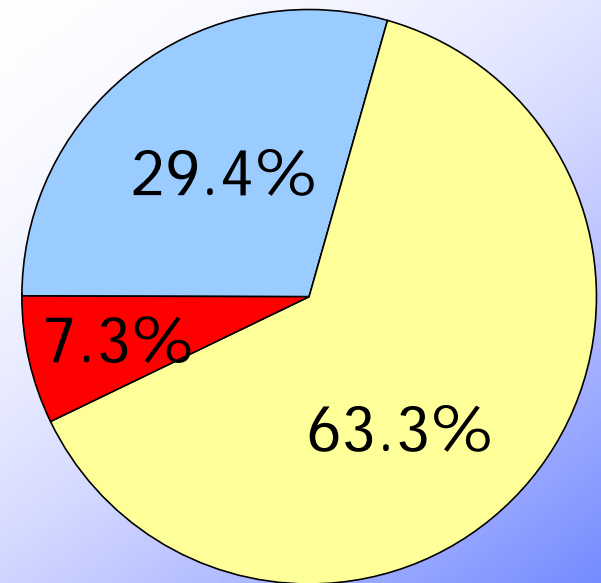
Discretionary Mandatory Net Interest  
*Fiscal Year Outlays*



**1995**



**2005**



**2018**



Projections are CBO Baseline adjusted to continue 2001 and 2003 tax relief, and assume no supplemental appropriations beyond those already enacted.

Prepared by the House Committee on the Budget.

# **ENTITLEMENTS: THE URGENCY OF REFORM**

7

- **“Health care is the number one fiscal challenge for the Federal and State governments... If there is one thing that can bankrupt America, it is health care. We need dramatic and fundamental reforms.  
- Comptroller General Walker 1/23/2007**
- **The rising costs of government entitlements is a “fiscal cancer” that threatens “catastrophic consequences for our country” and could “bankrupt America.”  
- Comptroller General Walker on *60 Minutes* 3/4/2007**



## **ENTITLEMENTS: THE URGENCY OF REFORM**

- **Without “early and meaningful action” to address entitlements, “the U.S. economy could be seriously weakened, with future generations bearing much of the cost.”**

**- Federal Reserve Chairman Bernanke 2/28/2007**

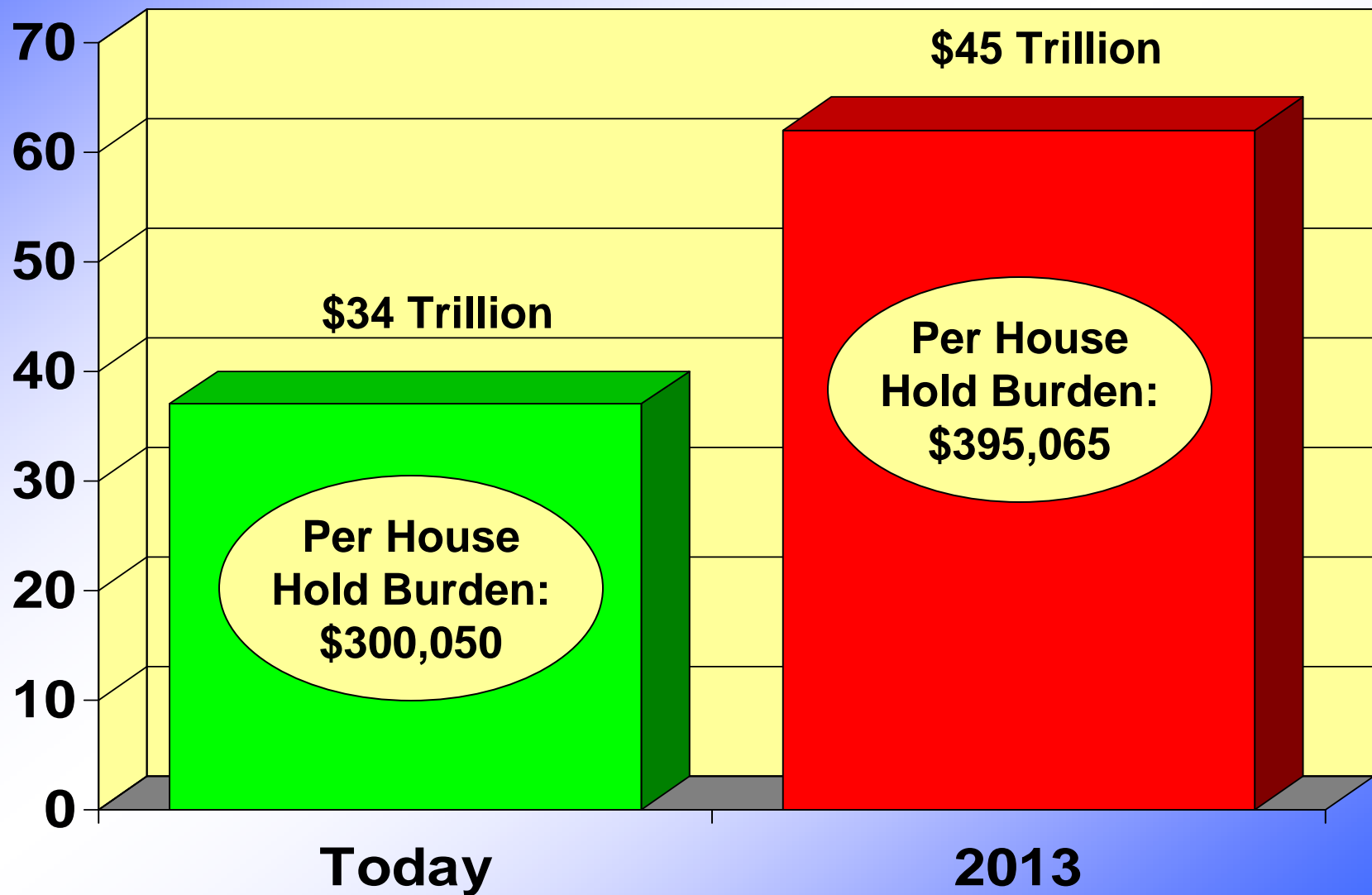




# Medicare's Unfunded Liability

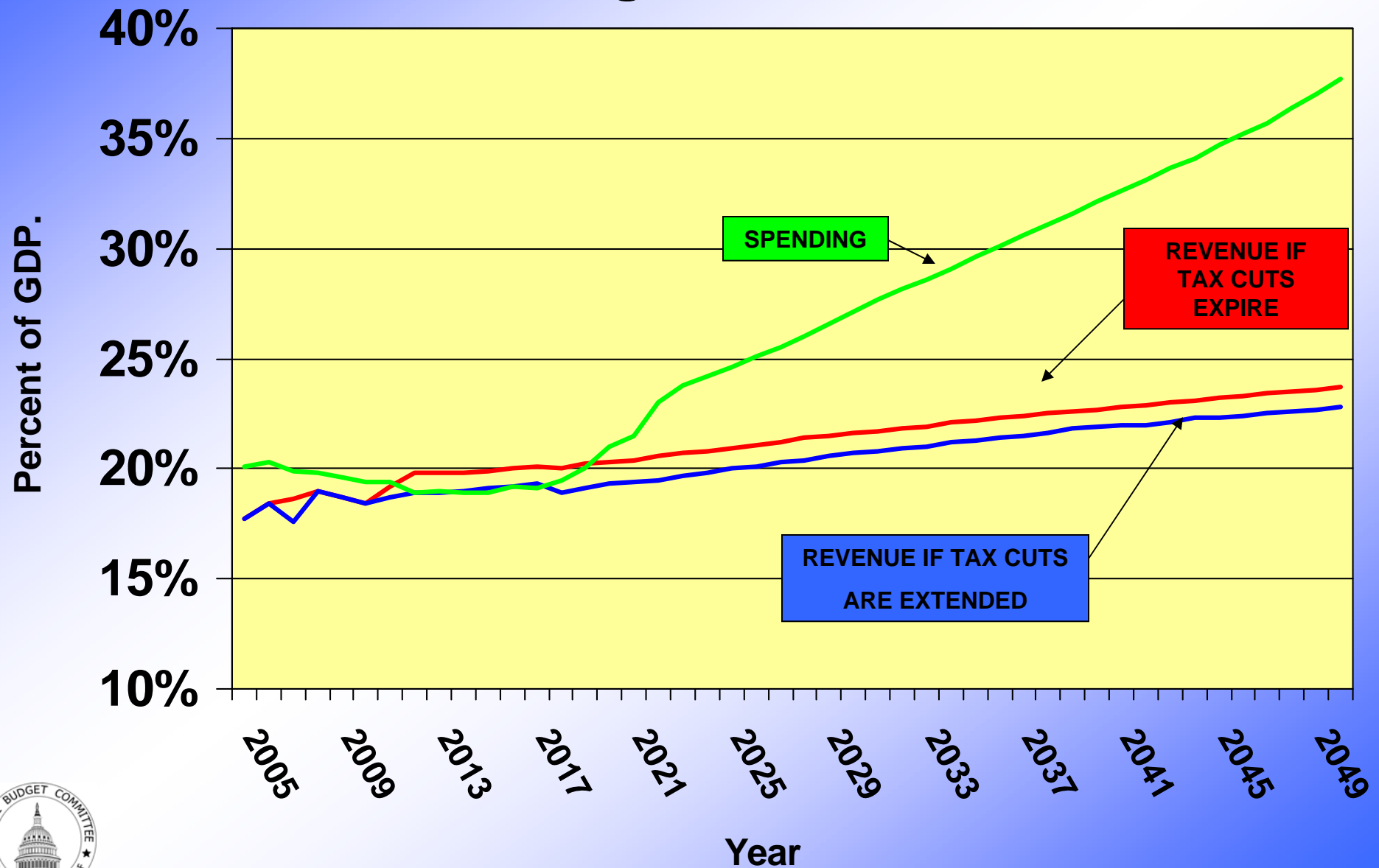
9

(Over 75 Years)

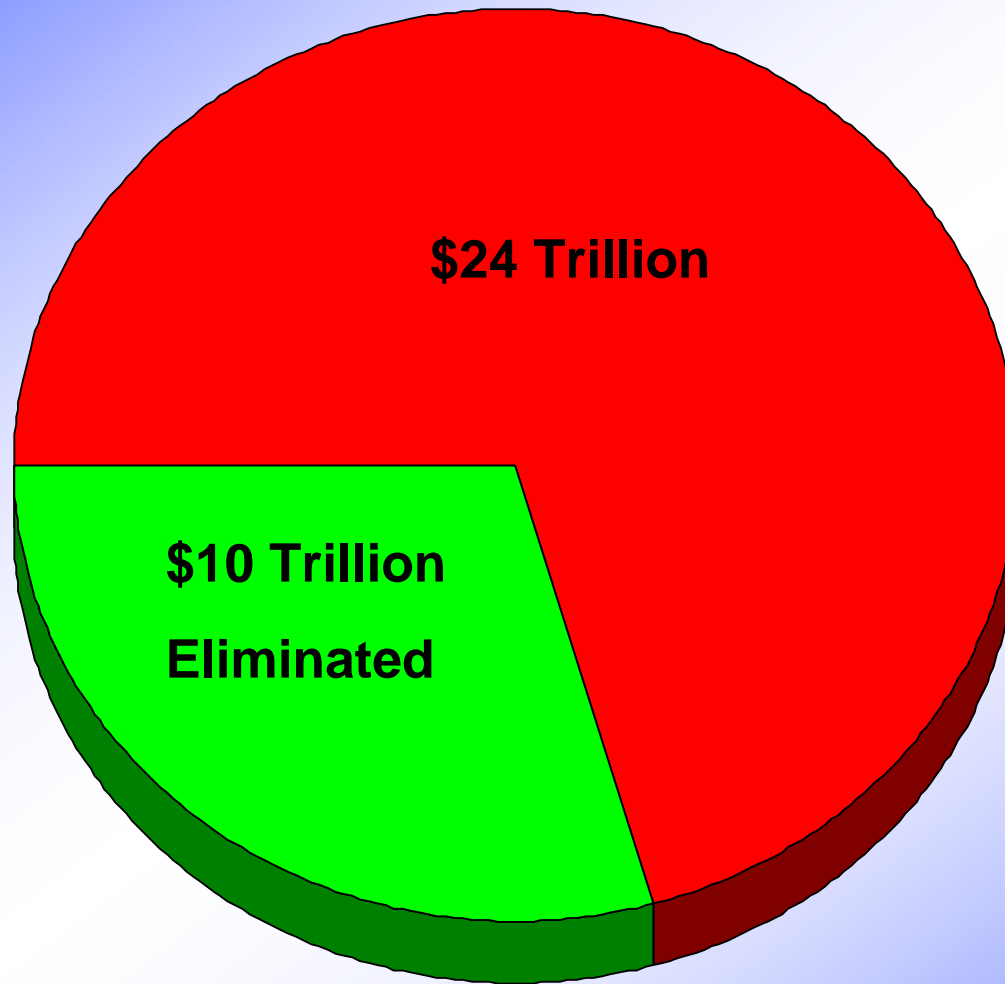


# Spending Drives Long -Term Budget Problems

10



# President's Proposal Erases 30% of Medicare's Unfunded Liabilities 11

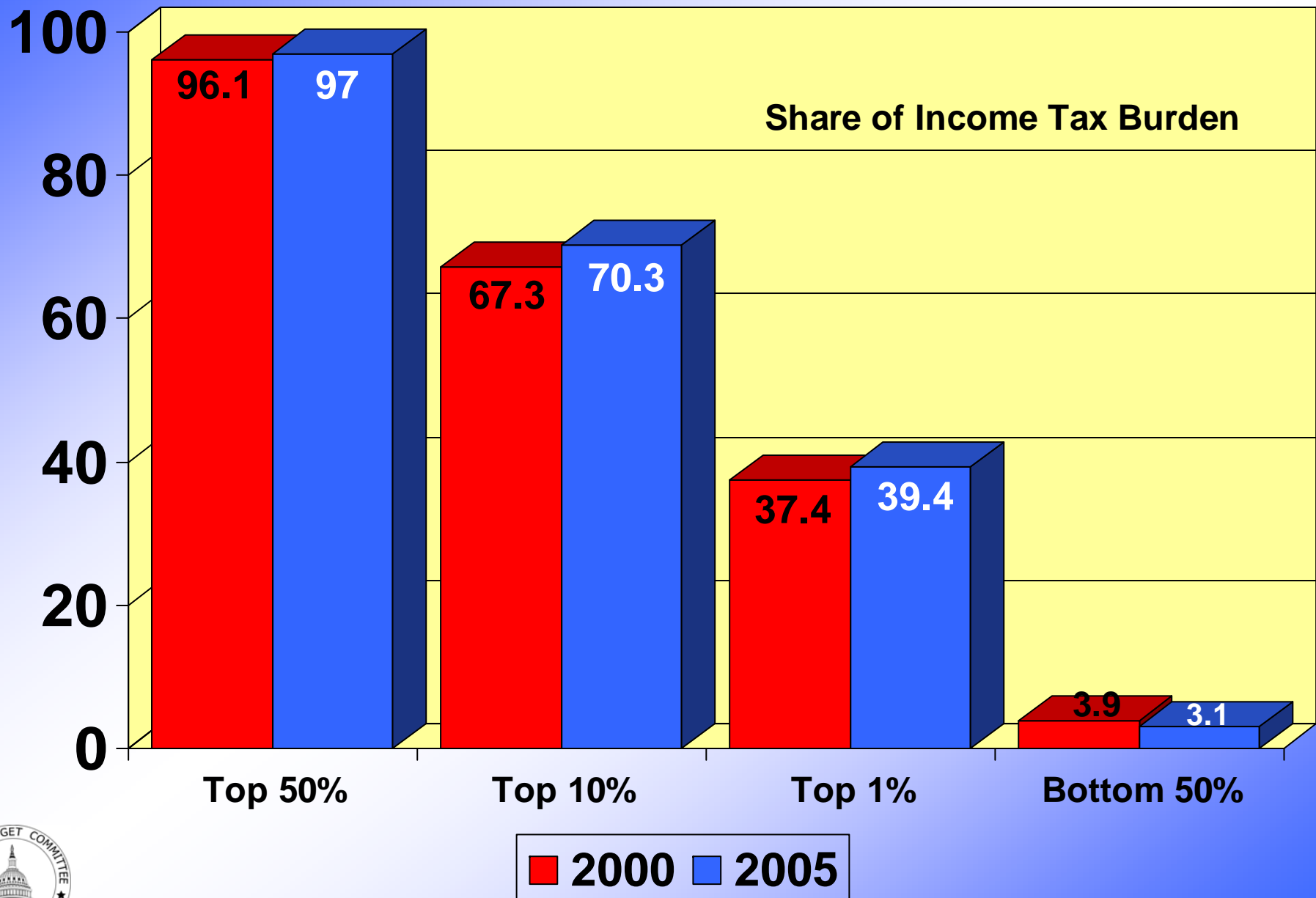


**\$34,000,000,000,000**

**Medicare's Unfunded Liability Under  
the President's Proposals.**



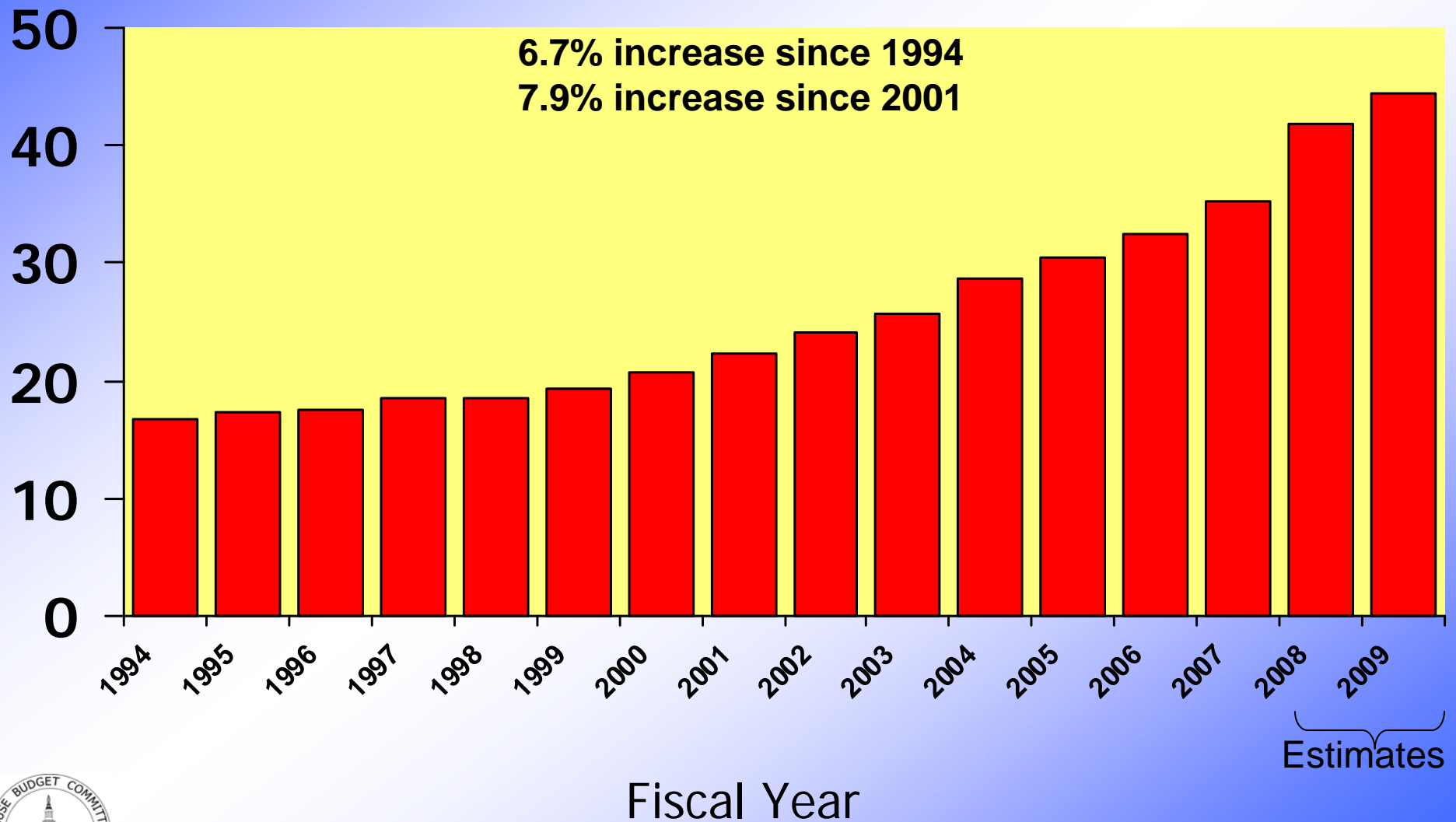
# Higher – Income Earners Bear Greater Tax Burden



Source: IRS

# Veterans Benefits & Services

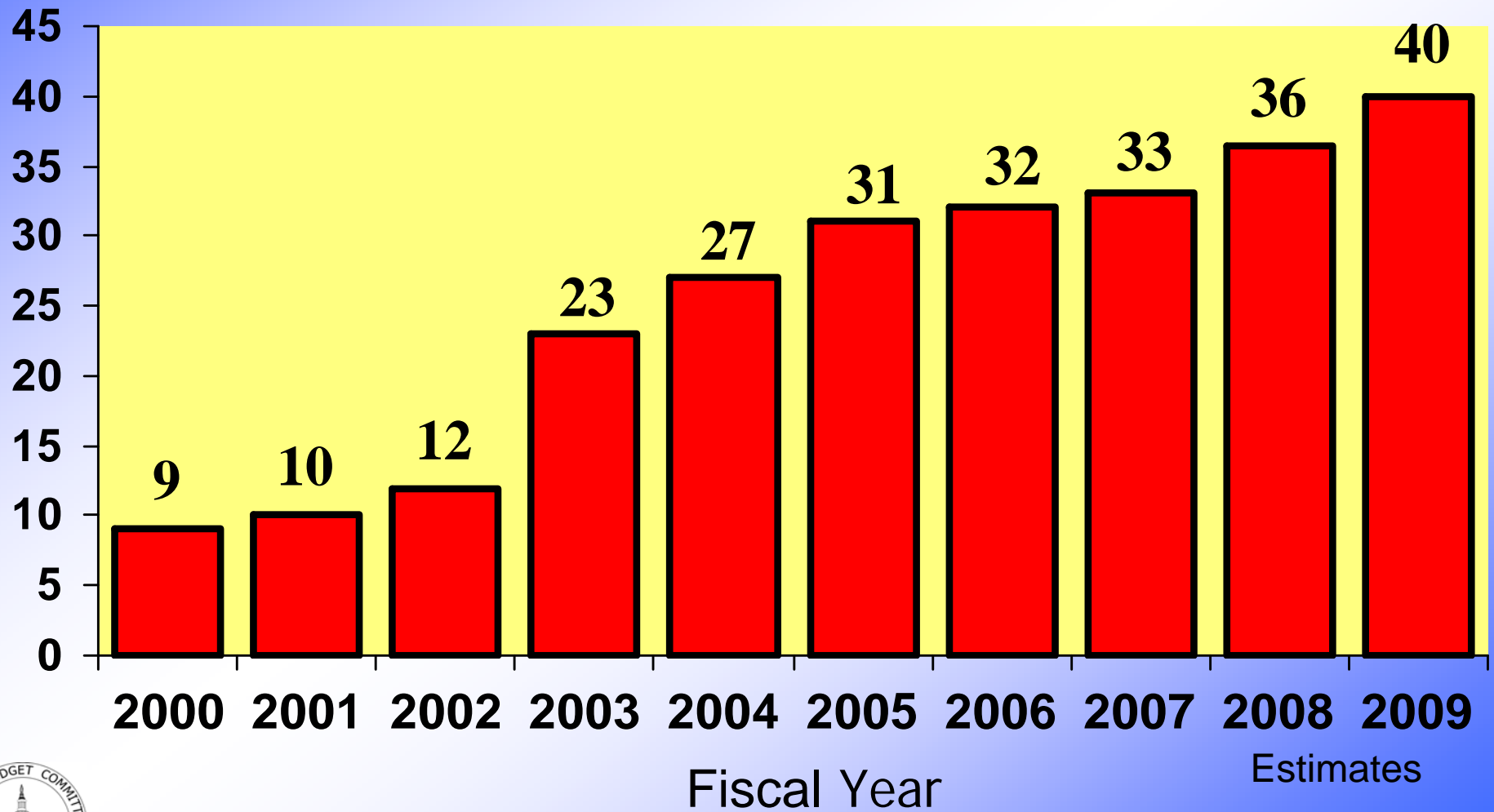
## *Discretionary Outlays in Billions*



# Homeland Security

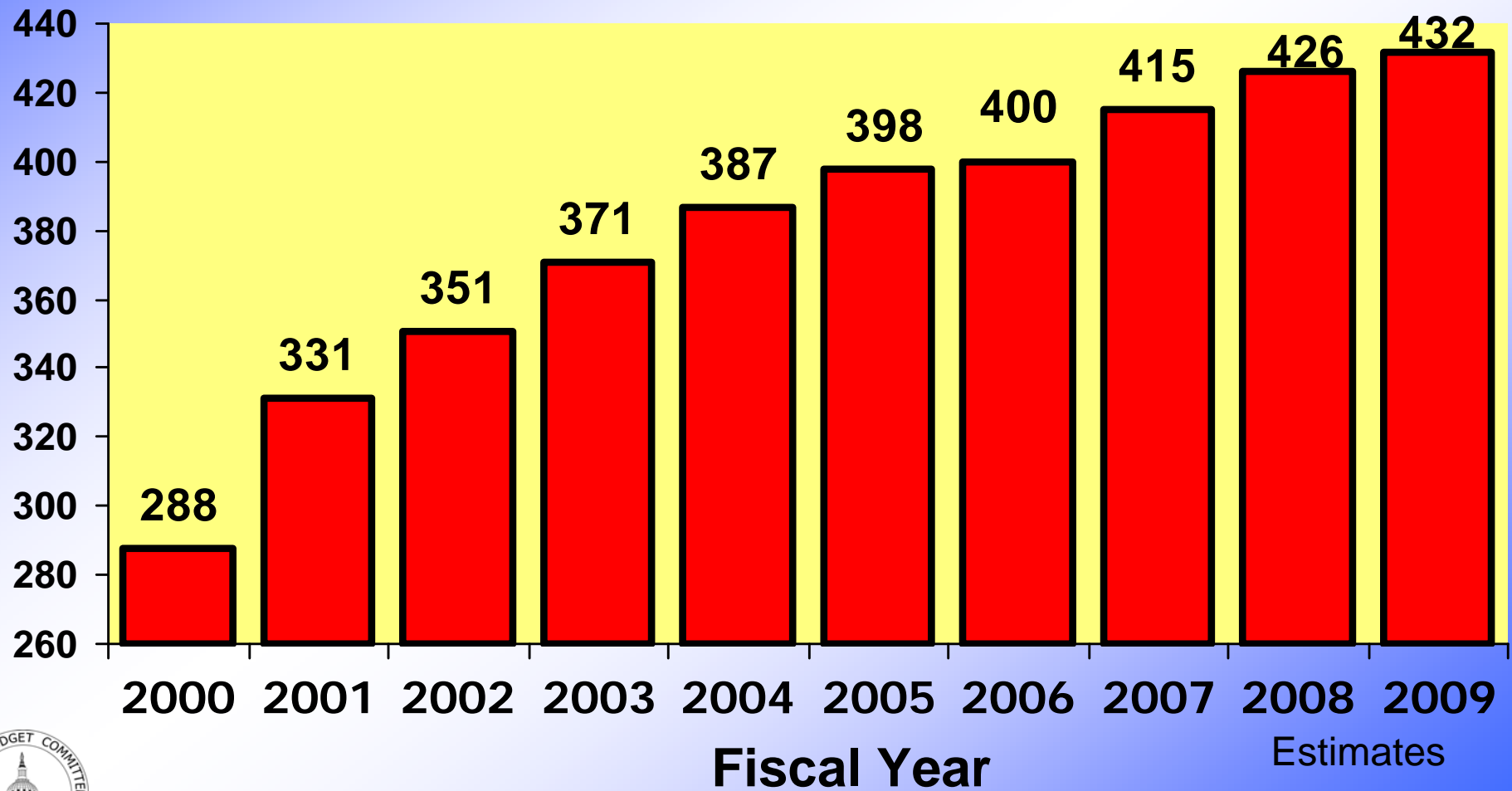
14

*Non-DoD Discretionary Budget Authority in Billions*  
**Excluding Supplementals**

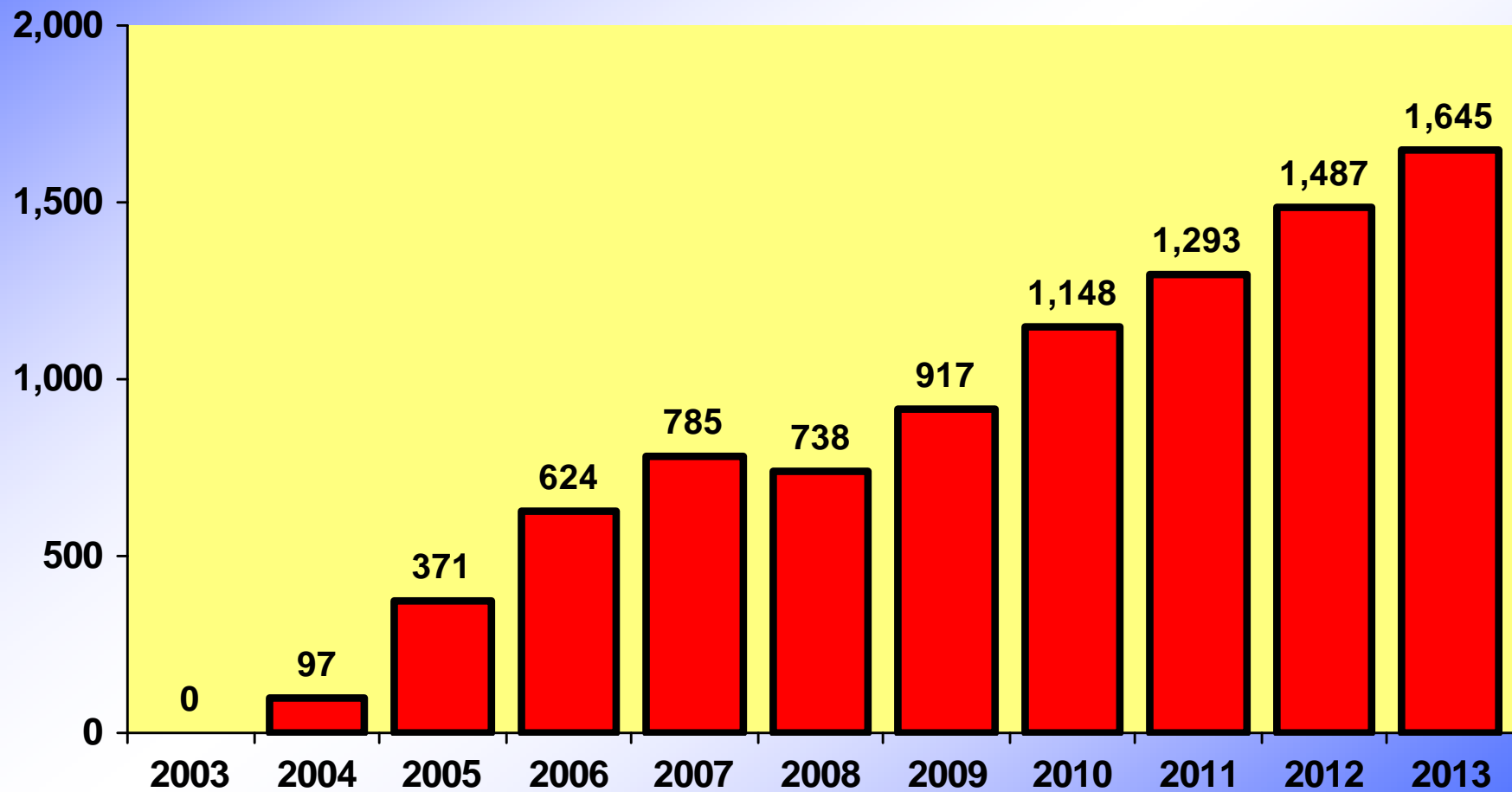


# Non-DOD Military, Non-Homeland Security *Discretionary Budget Authority in Billions*

Excluding Supplementals



## Change in Receipts Since 2003 Tax Cuts *In Billions*



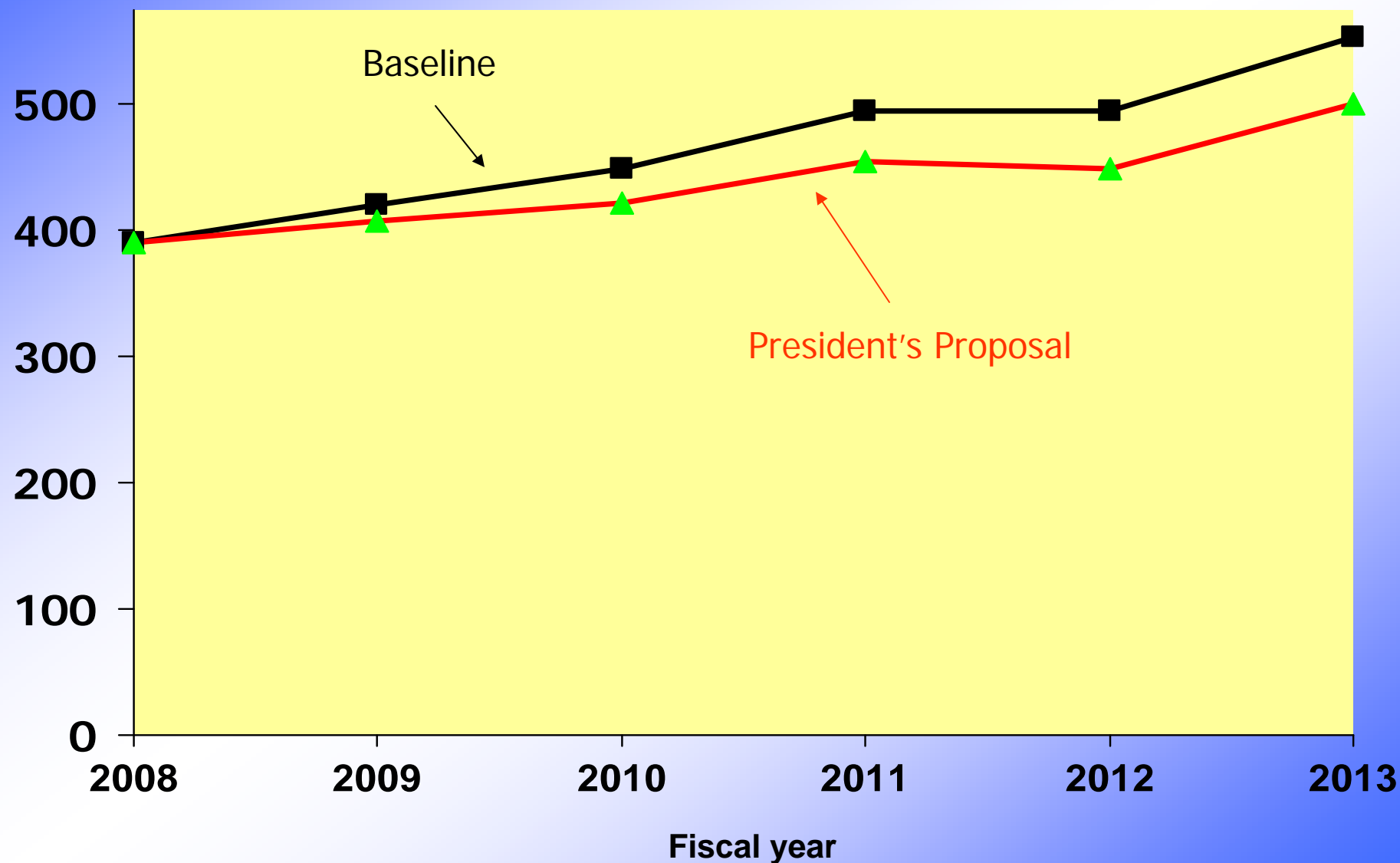
Estimates



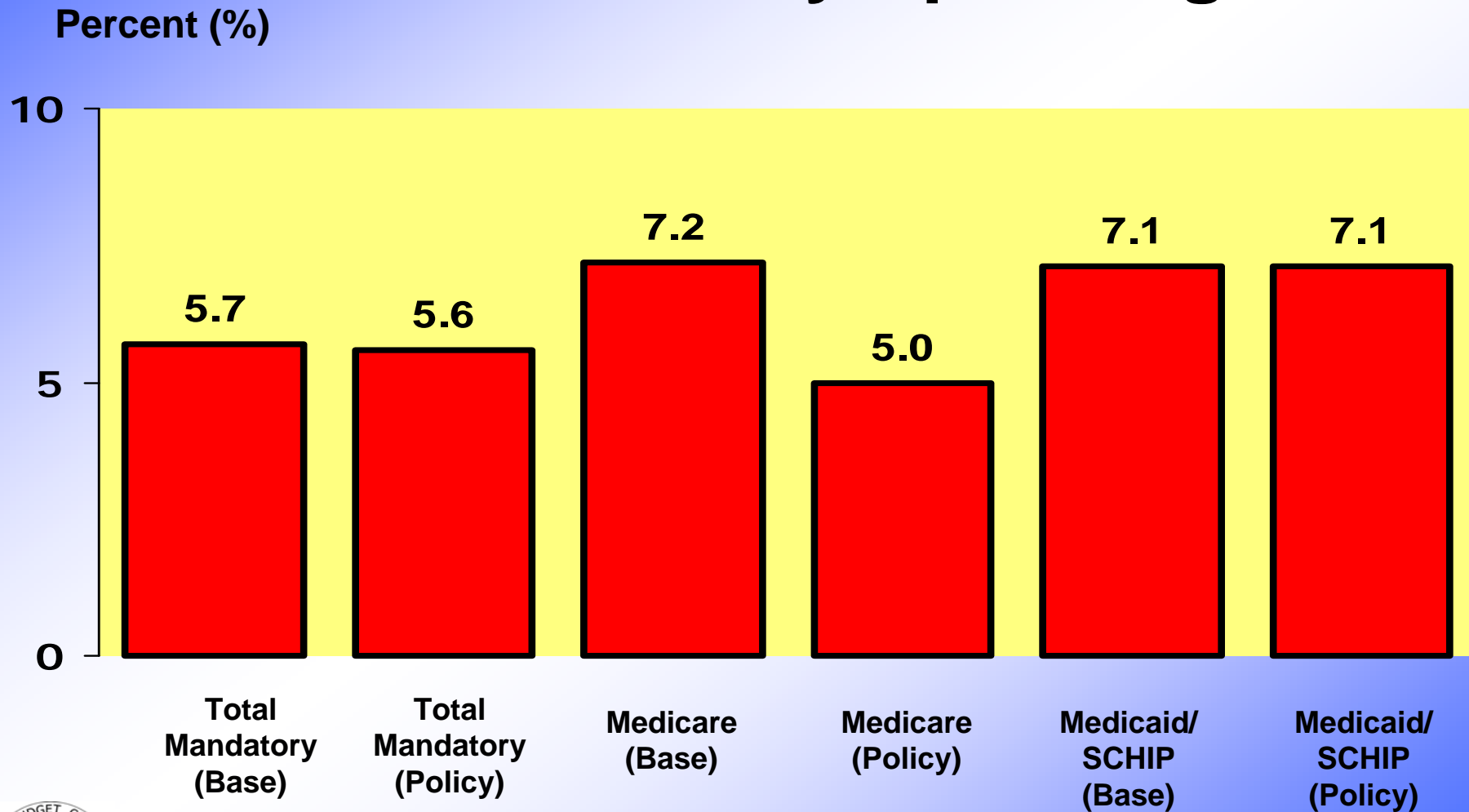
# Medicare Growth Before and After Reform

17

*Outlays in billions of dollars*



# 5-Year Average Growth Rate for Mandatory Spending



# National Defense

## *As a Percentage of GDP*

